

Dundee Energy Limited Announces Second Quarter 2017 Financial Results

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TORONTO, Aug 2, 2017 - [Dundee Energy Ltd.](#) ("Dundee Energy" or the "Corporation") (TSX:DEN) today announced its financial results for the three and six month periods ended June 30, 2017. The Corporation's unaudited condensed interim consolidated financial statements, along with its management's discussion and analysis have been filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") and may be viewed under the Corporation's profile at www.sedar.com or the Corporation's website at www.dundee-energy.com.

LIQUIDITY

On January 31, 2017, [Dundee Energy Ltd.](#) Partnership ("DELP"), the Corporation's primary operating subsidiary, entered into a forbearance agreement (the "Forbearance Agreement") with its lender, in respect of its demand revolving loan credit facility. Under the terms of the Forbearance Agreement, provided that certain ongoing conditions were met, the lender to DELP agreed to forbear from exercising its enforcement rights and remedies arising from DELP's failure to reduce the amounts borrowed pursuant to such credit facility, to amounts that correspond to, or fall below the borrowing base available to DELP, as determined by its lender with reference to the Corporation's reserves and the current and projected market prices for oil and natural gas, as determined by the Corporation's lender, until the earlier of May 15, 2017; the occurrence of an event of default under the terms of the credit facility; or the occurrence of a default or breach of representation by DELP under the Forbearance Agreement.

The Forbearance Agreement provided a definitive timeline within which the Corporation was required to complete its intended process to identify strategic alternatives for DELP which may have included debt restructuring, a sale of all or a material portion of the assets of DELP, the outright sale of DELP, or a business combination or other transaction involving DELP and a third party. Under the terms of the Forbearance Agreement, DELP had committed to enter into a binding agreement under these arrangements, which binding agreement was to be satisfactory to its lender, by April 7, 2017.

The lender did not provide its consent to any of the proposals made by the Corporation and the Forbearance Agreement expired on May 15, 2017, without resolution. On July 21, 2017, the Corporation received notice from its lender, demanding repayment of amounts borrowed pursuant to the credit facility by July 31, 2017. While the Corporation was unable to meet the demand made by its lender, the lender has not immediately moved to enforce its rights and remedies under the terms of the credit facility, and it remains in cooperative discussion with the Corporation as to options. It is anticipated that management of the Corporation will continue to have responsibility for day-to-day operations of the business and that the business will continue to operate as a going concern, while a further process is conducted, under the direction of the Corporation's lender, to maximize the value of the business.

The material uncertainty caused by the events described above casts significant doubt upon the Corporation's ability to continue as a going concern and the ultimate appropriateness of using accounting principles applicable to a going concern. The Corporation's unaudited condensed interim consolidated financial statements as at and for the six months ended June 30, 2017, do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Corporation be unable to continue as a going concern. If the Corporation is not able to continue as a going concern, the Corporation may be required to reassess the carrying value of its assets, including the appropriateness of recognizing the benefit of income tax loss carry forwards, in light of circumstances that could result in the realization of its assets and the discharge of its liabilities in other than the normal course of business and at amounts different from those reflected in these unaudited condensed interim consolidated financial statements. These differences could be material.

FINANCIAL HIGHLIGHTS

- Net loss attributable to owners of the parent for the three months ended June 30, 2017 was \$0.5 million. This compares with a net loss attributable to owners of the parent of \$7.3 million in the same period of the prior year. The net loss incurred during the second quarter of the prior year included an impairment of \$5.0 million associated with certain of the Corporation's natural gas properties.
- Revenues before royalty interests earned from oil and natural gas sales during the second quarter of 2017 were \$6.9 million, compared with \$5.5 million of revenues earned in the same quarter of 2016, reflecting improved commodity prices, marginally offset by the effect of lower production volumes.
- Production volumes during the second quarter of 2017 averaged 10,310 Mcf/d (three months ended June 30, 2016 - 10,799 Mcf/d) of natural gas and 482 bbls/d (three months ended June 30, 2016 - 493 bbls/d) of oil and liquids. Due primarily to financial constraints, the Corporation has limited its capital works and development initiatives, which has temporarily curtailed the potential for further exploitation of its producing properties.
- Field netbacks during the three months ended June 30, 2017, before realized amounts related to derivative financial instruments, were \$1.68/Mcf (three months ended June 30, 2016 - \$0.05/Mcf) from natural gas and \$32.84/bbl (three months ended June 30, 2016 - \$15.69/bbl) from oil and liquids.

SOUTHERN ONTARIO ASSETS

(in thousands)

	Natural Gas	Oil and Liquids	Total
Net Sales			
Three months ended June 30, 2017	\$ 3,455	\$ 2,404	\$ 5,859
Three months ended June 30, 2016	2,591	2,107	4,698
Net increase in net sales	\$ 864	\$ 297	\$ 1,161
Effect of changes in production volumes	\$ (117)	\$ (50)	\$ (167)
Effect of changes in commodity prices	981	347	1,328
	\$ 864	\$ 297	\$ 1,161

Net sales were \$5.9 million in the second quarter of 2017, an increase of \$1.2 million when compared with net sales of \$4.7 million earned in the same period of the prior year. Higher realized prices for underlying commodities increased aggregate net sales by \$1.3 million, partially offset by lower production volumes, the effect of which was to reduce net sales by \$0.1 million.

Field Level Cash Flows and Field Netbacks

(in thousands)

For the three months ended June 30,	2017				
	Natural Gas	Oil and Liquids	Total	Natural Gas	Oil and Liquids
Total sales	\$ 4,073	\$ 2,825	\$ 6,898	\$ 3,028	\$ 2,404
Royalties	(618)	(421)	(1,039)	(437)	(364)
Production expenditures	(1,881)	(964)	(2,845)	(2,545)	(1,440)
	1,574	1,440	3,014	46	705
Realized (loss) gain on derivative financial instruments	(297)	-	(297)	349	-
Field level cash flows	\$ 1,277	\$ 1,440	\$ 2,717	\$ 395	\$ 705

For the three months ended June 30,	2017				
	Natural Gas	Oil and Liquids	Total	Natural Gas	Oil and Liquids
	\$/Mcf	\$/bbl	\$/boe	\$/Mcf	\$/bbl
Total sales	\$ 4.34	\$ 64.41	\$ 34.45	\$ 3.08	\$ 55.0
Royalties	(0.66)	(9.58)	(5.19)	(0.44)	(8.1)
Production expenditures	(2.00)	(21.99)	(14.21)	(2.59)	(31.)
	1.68	32.84	15.05	0.05	15.6
Realized (loss) gain on derivative financial instruments	(0.32)	-	(1.48)	0.36	-
Field netbacks	\$ 1.36	\$ 32.84	\$ 13.57	\$ 0.41	\$ 15.6

CASTOR UNDERGROUND GAS STORAGE PROJECT

In March 2017, the Corporation announced that the arbitral tribunal of the International Chamber of

Commerce had rendered its decision related to the Castor Project, denying the Corporation's claim. The decision was rendered by a majority of the three-person tribunal, with the third member issuing a dissenting opinion. The Corporation continues to explore its options but has not yet determined an alternative course of action.

NON-IFRS MEASURES

The Corporation believes that important measures of operating performance include certain measures that are not defined under International Financial Reporting Standards ("IFRS") and as such, may not be comparable to similar measures used by other companies. While these measures are non-IFRS, they are common benchmarks in the oil and natural gas industry, and are used by the Corporation in assessing its operating results, including net earnings and cash flows.

- "Field Level Cash Flows" are calculated as revenues from oil and gas sales, less royalties and production expenditures, adjusted for realized gains or losses on risk management contracts.
- "Field Netbacks" refer to field level cash flows expressed on a measurement unit or barrel of oil equivalent basis.

ABOUT THE CORPORATION

[Dundee Energy Ltd.](#) is a Canadian-based oil and natural gas company with a mandate to create long-term value for its shareholders through the exploration, development, production and marketing of oil and natural gas, and through other high impact energy projects. Dundee Energy holds interests, both directly and indirectly, in the largest accumulation of producing oil and gas assets in Ontario and, through a preferred share investment, in certain exploration and evaluation programs for oil and natural gas offshore Tunisia. The Corporation's common shares trade on the Toronto Stock Exchange under the symbol "DEN".

FORWARD-LOOKING STATEMENTS

Certain information set forth in this press release, including management's assessment of each of the Corporation's future plans and operations, contains forward-looking statements. Forward-looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions and may include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or similar expressions.

In particular, forward-looking statements contained in this document include, but are not limited to, statements with respect to: expectations regarding the Corporation's ability to continue as a going concern; exploration, development and production; pending legal actions; financial and business prospects and financial outlook; performance characteristics of the Corporation's oil and natural gas properties; the Corporation's capital expenditure programs and other risk factors discussed or referred to in the section entitled "Risk Factors" in the Corporation's Annual Information Form for the year ended December 31, 2016.

Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The Corporation's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Corporation will derive from them. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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